

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 6735**

**BILL NUMBER: SB 229**

**DATE PREPARED:** Jan 19, 2002

**BILL AMENDED:** Jan 17, 2002

**SUBJECT:** Office of Medicaid Policy and Planning.

**FISCAL ANALYST:** Kathy Norris

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**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
X **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** (Amended) *Transfer of Medicaid to the Department of Health:* This bill transfers, on July 1, 2003, the functions of the Office of Medicaid Policy and Planning from the Office of the Secretary of Family and Social Services to the State Department of Health. The bill establishes the Division of Medicaid Policy and Planning within the State Department of Health. It repeals provisions establishing the Office of Medicaid Policy and Planning within Family and Social Services.

*Legislative Reorganization Committee:* The bill directs the Select Joint Commission on Medicaid Oversight to prepare legislation needed to implement the transfer of responsibilities.

*Medicaid Policy Oversight:* The bill requires Medicaid policy decisions to be approved by an employee of the Division holding an unlimited license to practice medicine.

*Disease Management:* The bill also requires implementation of a disease management program for Medicaid recipients with certain diseases.

**Effective Date:** (Amended) July 1, 2003.

**Explanation of State Expenditures:** (Revised) *Transfer of Medicaid to the Department of Health:* The statutory transfer of the Office of Medicaid Policy and Planning to the State Department of Health, Division of Medicaid Policy and Planning, does not necessarily represent a fiscal impact to the state. Any costs that might be incurred from a physical relocation of offices would be an administrative decision.

The bill would split the policy, insurance, and claims payment functions of the Medicaid program from the eligibility determination function. The bill does not address the issue of Medicaid Program administrative, legal, and financial staff employed within the Family and Social Services Administration who work on Medicaid claims payment issues as well as eligibility issues. The transfer of responsibility may result in some

initial duplication of effort while staffing levels and functions are adjusted to reflect the new organizational structure and relationships.

*Legislative Reorganization Committee:* The bill directs the Select Joint Commission on Medicaid Oversight to serve as the transition team and is to prepare any legislation needed to implement the reorganization required by this bill. The Select Joint Commission is an existing 12-member Commission that is staffed by the Legislative Services Agency. The Commission is governed by the Legislative Council Resolution 01-3, Section 7, that established the budget for interim study committees in the 2001 interim at \$9,000.

*Medicaid Policy Oversight:* The Medicaid program currently employs a physician as the program medical director. This bill requires that all program policy decisions must first be approved by the medical director. This additional responsibility could be absorbed within the current duties of the existing position, although it might reduce the time available for the medical director to devote to clinical policies related to patient care and services.

*Background:* The Medicaid Program currently has two advisory committees as well as any subcommittee that is needed to be formed to examine specific issues relating to program services, such as dental care, chiropractic, and podiatric services.

The Medicaid Advisory Committee is required by federal statute and acts in an advisory capacity to the program. In addition, the Medicaid Clinical Advisory Committee consists of at least seven physicians and is chaired by the Medicaid Program medical director. The Medicaid Clinical Advisory Committee or its subcommittees are to provide clinical insights and applications of clinical policy issues relating to current standards of care, quality of care, accessibility of care, appropriateness of care, and the cost effectiveness of care.

These two committees are advisory in nature; neither is required to approve the policy issues that it may review.

*Disease Management:* Disease management provisions were enacted in P.L.291-2001. Under current statute, a disease management program for Medicaid recipients who are not enrolled in risk-based managed care is required to be implemented within OMPP by July 1, 2002, in the 14 most populous counties. This provision provides for implementation of a disease management program for all Medicaid recipients. Any reduced expenditures obtainable through disease management programs will depend upon the design and implementation by OMPP as well as the active participation of affected recipients.

**Explanation of State Revenues:** See Explanation of State Expenditures, above, regarding provisions in the Medicaid program, a cost-shared program involving partial federal reimbursement of expenditures.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Family and Social Services Administration, Office of Medicaid Policy and Planning, and the Division of Family and Children; State Department of Health; Legislative Services Agency.

**Local Agencies Affected:**

**Information Sources:** Amy Brown, Legislative Liaison for the Family and Social Services Administration, (317) 232-4451. I.C.12-15-33 and I.C.12-15-33.5.